

MEMORANDUM

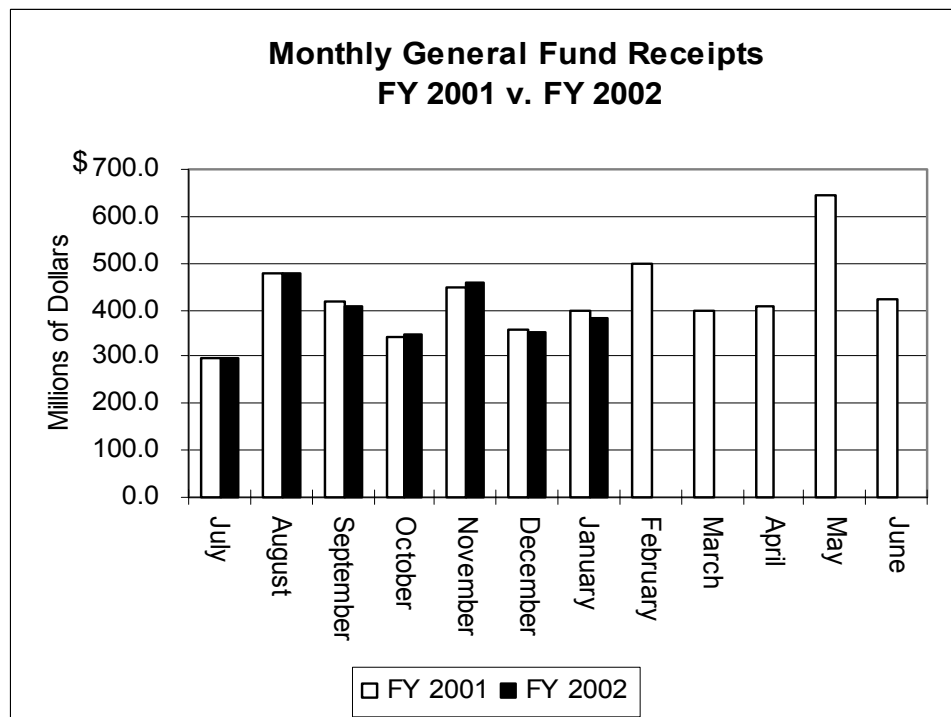
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: February 1, 2002

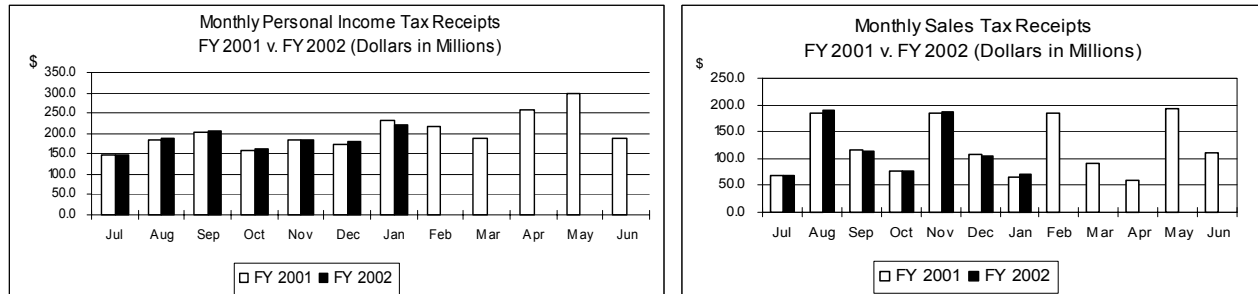
Monthly General Fund Receipts through January 31, 2002

The attached spreadsheet represents total FY 2002 estimated General Fund receipts, with comparable figures for actual FY 2001. These can be compared to the FY 2002 estimate (\$5,192.4 million) set by the Revenue Estimating Conference (REC) on December 7, 2001. The estimate represents an increase of \$77.9 million (1.5%) compared to actual FY 2001. The REC will meet March 7, 2002, to reevaluate the December 7, 2001, estimates.



FY 2002 Compared to FY 2001

Year-to-date FY 2002 revenue has decreased \$17.3 million (0.6%) compared to FY 2001. This is below the REC estimate of 1.5% for FY 2002.



Gross personal income tax revenues received in January totaled \$221.4 million, a decrease of \$10.8 million (4.7%) compared to January 2001.

The REC FY 2002 income tax estimate of \$2,486.6 million represents a projected increase of 2.5% compared to actual FY 2001. The actual year-to-date growth in personal income tax is currently 0.8%.

The State tracks personal income tax in three sub-categories:

Withholding receipts in January increased 4.3% compared to January 2001.

Estimated tax payments in January decreased 18.5% compared to January 2001.

Tax payments with returns in January decreased 9.4% compared to January 2001. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2001 with FY 2002.

Gross sales tax revenues received in January totaled \$71.4 million, an increase of \$6.0 million (9.2%) compared to January 2001.

The REC estimate for FY 2002 sales tax receipts is \$1,483.0 million, which represents an increase of 2.9% compared to actual FY 2001.

The Chart above compares monthly sales tax receipts for FY 2001 with FY 2002.

Corporate income tax receipts in January were \$17.3 million, a decrease of \$10.7 million (38.2%) compared to January 2001.

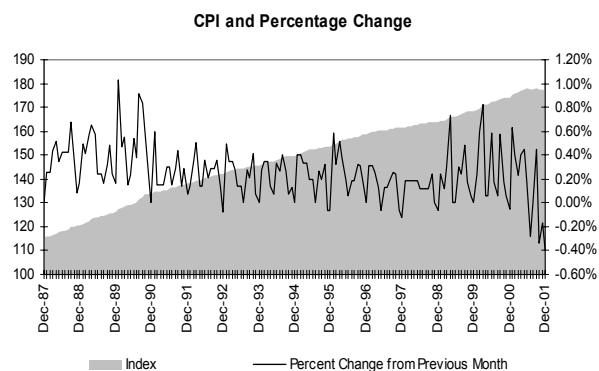
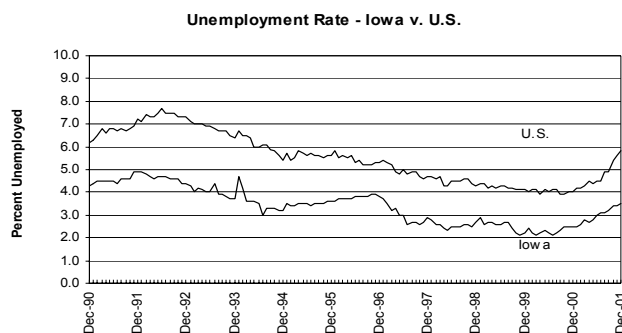
The REC projected FY 2002 corporate income tax receipts at \$242.1 million, a decrease of 15.0% compared to actual FY 2001.

Status of the Economy

The December seasonally adjusted State unemployed rate increased to 3.5% from the November level of 3.4%. The unemployment rate a year ago was 2.5%. Iowa's total adjusted December employment registered at 1,554,300, up 26,200 from last year's level. The number of unemployed persons in Iowa was recorded at 56,600 in December, which is up 17,100 compared to last year's level. The amount of unemployed workers in December increased 2,700 from last month's level. The U.S. unemployment rate in December increased to 5.8% from the November level, and is the highest reported level since January 1996. The U.S. unemployment rate a year ago was 4.0%.

Consumer prices decreased for the third consecutive month in December from the November level by 0.4%. The Consumer Price Index (CPI-U) through December 2001 was 176.7 (1983=100), which is 1.6% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through December 2001.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's website at: <http://staffweb.legis.state.ia.us/lfb/>. If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS - FY 2001 vs. FY 2002 July 1 through January 31, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 01 Actual Compared to FY 02 REC Estimate		
	FY 2001	FY 2002	Year to Date		Actual FY 2001	Estimate FY 2002	% CHANGE
			% CHANGE	January			% CHANGE
Personal Income Tax	\$ 1,277.2	\$ 1,286.8	0.8%	-4.7%	\$ 2,426.6	\$ 2,486.6	2.5%
Sales Tax	801.4	813.9	1.6%	9.2%	1,441.7	1,483.0	2.9%
Use Tax	149.7	147.6	-1.4%	4.3%	249.4	251.9	1.0%
Corporate Income Tax	150.8	122.1	-19.0%	-38.2%	284.8	242.1	-15.0%
Inheritance Tax	58.6	58.8	0.3%	-29.5%	104.6	115.0	9.9%
Insurance Premium Tax	0.5	-0.2	-140.0%	0.0%	126.6	132.9	5.0%
Cigarette Tax	51.8	52.7	1.7%	21.1%	89.6	89.6	0.0%
Tobacco Tax	3.8	4.2	10.5%	20.0%	6.7	6.7	0.0%
Beer Tax	8.3	8.4	1.2%	9.1%	13.6	13.9	2.2%
Franchise Tax	17.6	16.7	-5.1%	-9.1%	31.2	29.5	-5.4%
Miscellaneous Tax	3.0	2.6	-13.3%	-125.0%	1.3	1.3	0.0%
Total Special Taxes	\$ 2,522.7	\$ 2,513.6	-0.4%	-4.6%	\$ 4,776.1	\$ 4,852.5	1.6%
Institutional Payments	27.4	28.5	4.0%	7.5%	47.2	46.4	-1.7%
Liquor Transfers:							
Profits	21.0	21.0	0.0%	-16.7%	37.5	37.0	-1.3%
7% Gross Revenue	5.3	5.3	0.0%	0.0%	9.0	9.0	0.0%
Interest	12.2	10.3	-15.6%	100.0%	18.2	30.0	64.8%
Fees	40.9	40.6	-0.7%	-8.4%	72.5	71.2	-1.8%
Judicial Revenue	23.2	22.8	-1.7%	18.6%	48.8	51.6	5.7%
Miscellaneous Receipts	29.8	23.1	-22.5%	-39.5%	45.2	34.7	-23.2%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL RECEIPTS	\$ 2,742.5	\$ 2,725.2	-0.6%	-4.5%	\$ 5,114.5	\$ 5,192.4	1.5%